



Altech Chemicals
Limited

QUARTERLY REPORT

September 2019

All conditions precedent satisfied for German project equity strategy

- With all conditions precedent satisfied, Altech proceeded to transaction completion
- Altech nominees appointed to German management and supervisory boards
- German entity re-named Altech Advanced Materials AG

German project equity strategy commences

- Acquisition of 29% of Youbisheng Green Paper AG complete
- €500,000 payment and issue of Altech shares to Deutsche Balaton AG
- Non-refundable fee of €500,000 received
- Right to purchase up to a 49% interest in HPA project for US\$100 million
- Prospectus lodged with German regulator

HPA plant construction update

- Majority of Stage 1 construction nearing completion
- Workshop building now complete
- OSD tank walls finished and work underway on roof panel fabrication
- Electrical substation design approved and earthworks to commence shortly
- Stage 2 engineering activities have commenced

Invitation received to consider next HPA plant in Germany

- Invitation received from Saxony State Government, Germany
- Schwarze Pumpe Industrial Area suggested as location for second Altech HPA plant
- Various government grants may be available
- Focus remains on funding and construction of Altech's HPA plant in Johor, Malaysia
- Forecast near-term HPA supply deficit presents opportunity to plan for a second HPA plant

Update on German equity strategy – Altech Advanced Materials AG

- Official name change to **Altech Advanced Materials AG** (AAM)
- AAM Frankfurt Stock Exchange code AMA1
- AAM to initially raise up to €69.4 million via rights issue and external share placement
- Positive response to initial German roadshow

Altech attendance at InterBattery 2019 Seoul, Korea

- Altech brand building at Korea's premier battery exhibition
- HPA critical for ceramic-coated separator sheets

ALTECH CHEMICALS LIMITED
www.altechchemicals.com

All conditions precedent satisfied for German project equity strategy

During the quarter Altech announced that all conditions precedent had been satisfied for both transactions outlined in its proposed German project equity strategy. The strategy, which was announced on 18 July 2019, involves the acquisition of 29% of the shares of Frankfurt stock exchange-listed Youbisheng Green Paper AG (since re-named Altech Advanced Materials AG (AAM)), and the sale by Altech of a right to AAM for it to acquire up to 49% of Altech's high purity alumina (HPA) project for US\$100 million.

To complete its acquisition of 29% of the shares of AAM, Altech made a cash payment of €500,000 and issued €1,000,000 of fully paid ordinary shares to the vendor (Deutsche Balaton AG); a balance of €1,229,000 of deferred cash consideration is due on 1 March 2020. Also, AAM made a non-refundable cash payment of €500,000 to Altech to complete its acquisition of the right to acquire up to a 49% interest in the Company's HPA project.

The satisfaction of all conditions precedent resulted in:

1. The appointment of Altech's managing director Mr Iggy Tan and alternate non-executive director Mr Uwe Ahrens to the management board of AAM;
2. The appointment to the supervisory board of AAM, Altech's nominee Mr Dieter Rosenthal, with two additional Altech nominees to be appointed to the five-member board;
3. AAM shareholders approving the change of company name to Altech Advanced Materials AG;
4. AAM shareholders approving a capital increase of up to €63,102,080; and
5. Altech's satisfaction of its due diligence inquiries of AAM.

Altech managing director Iggy Tan said *"it is pleasing to have documented both transactions of our German equity strategy in a very short timeframe, and to have satisfied all of the conditions precedent items within four weeks of signing the agreements. The next step is for AAM to appoint a German bank and brokers to manage a European marketing campaign for its pre-approved capital raise. We understand that there has already been interest in the proposed raise from potential European investors, attracted by the guaranteed year-6 buy-back and agreed return."*

"Altech's German equity strategy does not stop any of the other joint venture partner initiatives that are also underway nor does it replace the mezzanine debt work that is progressing with Macquarie Bank."

Table 1. Terms of Agreement – Altech acquisition of 29% of the issued shares of Youbisheng Green Paper AG (YAG) (Altech Advanced Materials AG)

ITEM	Acquisition of 29% of Youbisheng Green Paper AG (YAG – now AAM)
Market Listing	Regulated Market of the Frankfurt Stock Exchange
Shares on issue	1,577,552 shares, trading at ~ €2.80 per share
AAM net cash & liquid investments	~€700,000 (31 December 2018)
Sale shares	458,000 shares
Seller of shares	Deutsche Balaton AG
Purchaser of shares	Altech Chemicals Limited
Purchase Consideration	€2,729,000
Payment Structure	€1,729,000 payable in cash; and €1,000,000 payable in fully paid Altech shares (priced at a 15% discount to the 10-day VWAP at the date of all conditions precedent satisfied, with a floor price of \$0.08 per share)
Payment Timing	<ol style="list-style-type: none"> 1. €500,000 within 30 days of satisfaction of conditions precedent; 2. Altech shares to the value of €1,000,000 upon satisfaction of conditions precedent (completion date); and 3. Balance of €1,229,000 due 1 March 2020.
Sell-Back option	Altech has the right to sell-back the 458,000 AAM shares at any time prior to 30 June 2020, if less than €20,000,000 of new equity in AAM has been raised. The sell-back price for the shares will be the lower of €1,729,000 or the net asset value per share plus €1,500,000, payable in cash.

Table 2. Terms of Agreement – Right for YAG (renamed AAM) to acquire up to a 49% interest in Altech's HPA project with guaranteed sell-back

ITEM	Subscription, Sell-Back and Sell-Back Put Option for up to a 49% interest in Altech's HPA project
Interest	Up to 49% of the issued shares (interest) in Altech Chemicals Australia Pty Ltd
Issuer of interest	Altech Chemicals Australia Pty Ltd (Project Co)
Acquirer of interest	Altech Advanced Materials AG (AAM) (formerly Youbisheng Green Paper AG (YAG))
Consideration	US\$100 million for a 49% interest in Project Co
Right to acquire fee (non-refundable)	€500,000 payable within 30 days of satisfaction of all conditions precedent
Exclusivity	Non-exclusive
Partial subscription	In the case of a partial exercise of the right, the subscription funds payable will be calculated on a direct pro-rata basis, based on US\$100m for a 49% interest, or US\$2.041m for every 1% up to a maximum of 49%.
Guaranteed sell-back	AAM must sell-back the 49% interest (or partial interest) to Altech at the end of year six (6) following project financial close. Altech will pay a sell-back price calculated at a 15% annual return on the subscription price.
Altech option for early sell-back	Altech can trigger an early sell-back at any time prior to the end of the year 6 period by paying a sell-back price calculated on an annual return of 15%.
AAM option to cancel sell-back	AAM may elect to cancel the sell-back at any time, including after Altech has exercised its early sell-back option, by paying Altech a cancellation fee of \$10,000.
Subscription to shares in Altech Chemicals Limited (Parent)	In the event that AAM is not able to raise sufficient new equity by financial close that would enable it to subscribe to a minimum 10% interest, AAM may elect to use any amount of its funds to subscribe to Altech Chemicals Limited shares priced at a 15% discount to the 10-day VWAP.



German project equity strategy commences

Altech announced the completion of its acquisition of 29% of the shares of Frankfurt stock exchange-listed Youbisheng Green Paper AG (re-named Altech Advanced Materials AG (AAM)) on 23 August 2019. Consideration for the acquisition was the issue of €1,000,000 of fully paid ordinary Altech shares and a cash payment of €500,000 to Deutsche Balaton AG – the seller of the 29% interest. The Company also completed the sale of a right to AAM for it to acquire up to a 49% interest in Altech's HPA project for US\$100 million. Altech received a non-refundable fee of €500,000 from AAM as consideration for the sale of the right.

AAM Equity Raise

At its 17 July 2019 shareholder meeting, AAM shareholders approved the issuing of up to 63,102,080 of new shares, which would raise €69.4 million, fully subscribed, at the minimum subscription price of €1.10 per share.

The process that AAM is required to follow for the share issue is:

1. New shares will be offered to AAM's existing shareholders for subscription at a ratio of 1:40 (each 1 existing share entitles the holder to subscribe to 40 new shares), at a subscription price of €1.10 per share;
2. Any new shares not subscribed at the end of the initial offer period (the "oversubscription shares") may then be subscribed by those existing shareholders that have subscribed for all of the new shares to which they were entitled in accordance with their 1:40 subscription rights. The allocation of the oversubscription shares shall take place at least at the issue price of €1.10 per share; and
3. Any remaining unsubscribed new shares can then be placed, at least at the issue price of €1.10 but aiming at a price of €1.20 per share or higher, to others that are not existing AAM shareholders.

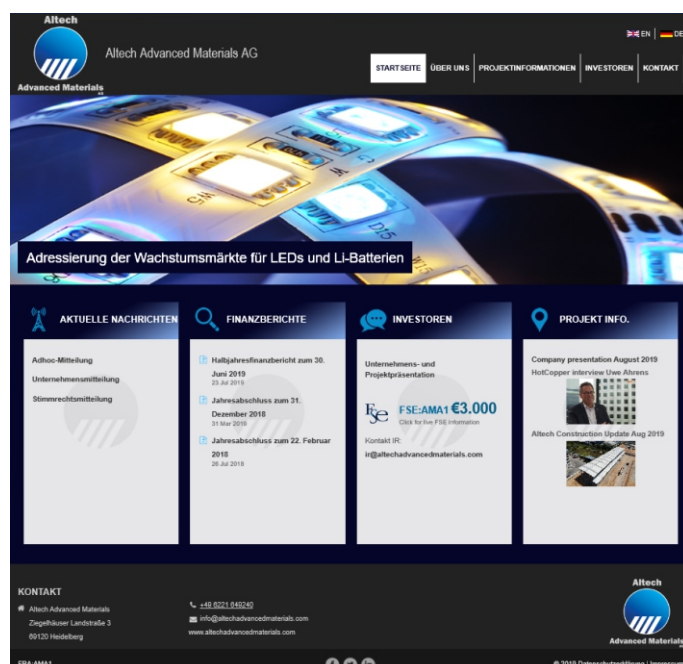
AAM has commenced drafting the required prospectus for the share issue, which was lodged with the German regulator (BaFin - Federal Financial Supervisory Authority) during the quarter. An initial round of marketing roadshows for the issue was completed in Germany during the quarter and included presentations and attendance at various investor conferences such as Herbstkonferenz (Frankfurt), Zurich Capital Markets

Conference (ZKK) (Zurich), Edelmetallmesse (Munich) and the German Equity Forum (Frankfurt). It is expected that the AAM share issue will be initiated during December 2019.

Since the announcement by AAM of shareholder approval for the issue of 63,102,080 new shares, AAM shares, although thinly traded on the Frankfurt stock exchange, have risen in price from €1.30 per share (mid-June 2019) to a high of €4.50 per share on 29 July 2019. This was a positive response to the proposed new issue and the opportunity to invest in Altech's HPA project with a guaranteed year-6 buy-back of the investment at an agreed rate of return.

During the quarter, AAM also completed the alignment of its corporate branding with that of Altech in anticipation of its status as HPA project joint venture partner. The brand changes include AAM's corporate logo and website.

Altech managing director Iggy Tan said "We are very excited to be working with AAM on its European marketing campaign and implementing our German project equity strategy. As we have previously mentioned, Altech's German equity strategy does not preclude the other joint venture partner initiatives that are also underway, nor does it replace the mezzanine debt initiative that is progressing with Macquarie Bank."



HPA plant construction update (August 2019)

The Company provided an update on the status of construction activities at the Company's high purity alumina (HPA) plant site in Johor, Malaysia during the quarter.

Maintenance workshop building

- The installation of external wall cladding; a ventilation and roller door; and the internal mezzanine level (which will be used for spare-parts storage and for maintenance offices) have all been completed, and there is no outstanding work in the building structure; and
- The internal fit-out and electrical works for the workshop are planned to commence in parallel with process building construction, which is currently envisaged to proceed following the completion of Stage 2 construction.

On-site detention (OSD) storm water tanks

- Construction of the tank walls for the four tank zones was completed;
- Fabrication of the 84 precast concrete roof panels, which was carried out on site, was approximately 50% complete;
- Installation of the first panels was underway; and
- OSD tank construction was expected to be finished by the end of October 2019.

Retaining walls

- Construction was complete with the exception of a 4-metre long section of the wall that is adjacent to the OSD tanks; and
- This wall section shall be completed in parallel with the final construction stage of the OSD tanks.



Electrical substation

- The design of the electrical substation building has now been approved by TNB (the national electricity utility of Malaysia);
- Detailed engineering drawings for fabrication and construction are being finalised; and
- Preliminary excavation and earthworks are expected to commence September/October 2019, with construction works expected to continue through to Q2-2020.

Stage 2 engineering activities are progressing well, with the appointed EPC contractor SMS group now in final negotiations with a number of the key equipment package suppliers to commence third party engineering. Data from these engineering packages will be used to finalise civil loading calculations for final engineering of the process building structures, which will position these structures for construction.

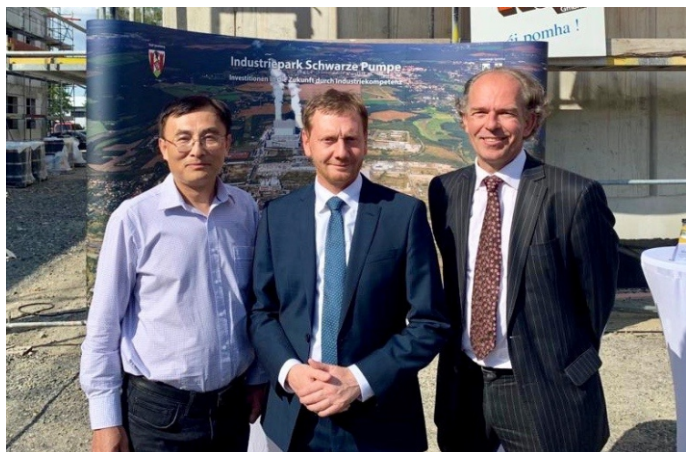
Invitation received to consider construction of Altech's next HPA plant in Germany

The Company received an invitation letter from the state government of Saxony, Germany, during the quarter, which proposed that Altech consider the construction of a second HPA processing plant in the industrial area of Schwarze Pumpe, which is located approximately 100km north-east of Dresden, Saxony.

As HPA is recognised as a critical component in the lithium-ion battery materials supply chain, a potential Altech HPA production plant in Saxony would be well-positioned to support the region's push to create a major electric vehicle battery industry, with a secure materials supply chain located within close proximity.

The German state of Saxony is located in the east of the country and borders both the Czech Republic and Poland. Saxony is the sixth most populous of Germany's sixteen states (population ~4 million) and tenth in terms of land area. The automobile industry has again become one of the pillars of Saxony's industry, as it was in the early 20th century; the state hosts production sites for Volkswagen, BMW, Porsche and Daimler. Saxony is a leading engineer training ground and has excellent research facilities like the Fraunhofer Institute for Electronic Nano-systems, which is researching ceramic nano-technology in energy storage (HPA). Saxony's road network counts as the best developed in Germany and rail transport is one of the state's traditional strengths. Three efficient Elbe River inland ports have been developed connecting to the north German seaports and international maritime trade.

Dr Jingyuan Liu (ATC General Manager Operations),
Mr Michael Kretschmer (Minister-President of Saxony) &
Jens Willenbockel (ATC Consultant)



Altech's German advisers have met with Mr Michael Kretschmer, the Minister-President of Saxony, to discuss the invitation from the state. Based on the positive outcome of this discussion, Altech intends to undertake further evaluation, which will include research on various government grants that may be available in support of the establishment of a potential HPA plant in eastern Germany.

While the Company remains focused on the close of funding and the construction of its Malaysian HPA plant, it also recognises the forecast significant deficit of HPA supply commencing in 2020 and the opportunity that this may present in terms of considering a second HPA plant.

London-based research group CRU Consulting, in its most recent HPA market outlook report, identified a HPA supply shortfall of approximately 20,000t in 2021 (equivalent to approximately four (4) of Altech's 4,500tpa HPA plants), which CRU forecast would expand to a shortfall of ~50,000t by 2028 (refer ASX announcement of 3 July 2019 for further details).

Considering the forecast pending HPA supply deficit, the Company is of the view that there is merit in commencing early stage planning for additional future HPA production plants, now. In view of the invitation letter from the Saxony state government and the strong signals from the European Union (EU) on its desire to foster a rapid transition to electric vehicles, and to establish a fully integrated materials supply chain to underpin the transition, the Company's current strategic thinking is for its next HPA plant to be located within the European Union.

Schwarze Pumpe Industrial Park in Saxony, Germany

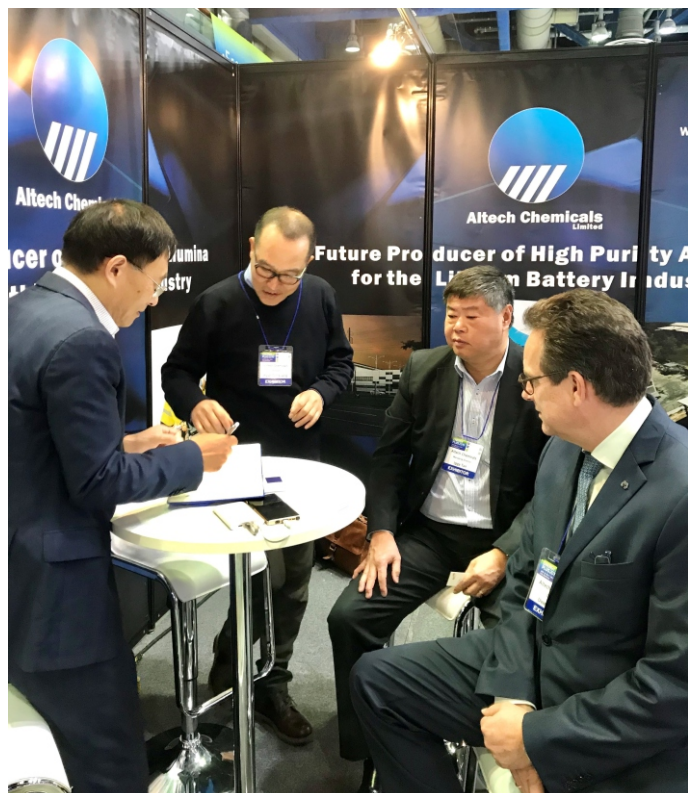


Altech attendance at InterBattery 2019 Korea

In early October 2019, Altech attended the InterBattery 2019, Korea's leading battery exhibition showcasing various new products and technologies related to the battery industry.

Altech's exhibition booth was manned by managing director Iggy Tan, alternate director Uwe Ahrens, general manager operations Dr Jingyuan Liu and process engineer Ms Summer Qi. The turnout at the booth was strong. The Company's attendance at the exhibition is an important part of building the "Altech" brand as an emerging supplier of high quality 4N high purity alumina (HPA).

HPA is crucial for the lithium-ion battery industry as it is used as a coating on the separator sheets that divide the cathode and anode electrodes within a battery. The separator sheet membrane acts as a critical safety barrier inside the battery. The separator's role is to ensure that the battery anode and cathode electrodes do not come into contact and "short-circuit", which if this were to occur a thermal runaway would result. A video of Altech at InterBattery 2019 is available at: <https://www.youtube.com/watch?v=1IlzAWSVyHM>



HPA coated battery separators (or "ceramic-coated" separators) are able to tolerate the ever increasing lithium-ion battery operating temperatures. Higher battery operating temperatures are the product of advances in cathode technology, which has resulted in an increase in the amount of energy being stored, discharged and recharged within the lithium-ion battery's confined space. A ceramic-coated separator has a significantly higher shrinkage temperature compared to a conventional non-coated polymer separator, plus ceramic-coated separators exhibit reduced flammability should a thermal runaway commence, these attributes result in a much safer battery. Using a ceramic-coated separator within a lithium-ion battery also increases the battery's discharge rate; lowers self-discharge; and increases the battery's life cycle (number of re-charges). Not all lithium-ion batteries use ceramic-coated separators, which are predominantly used in high energy density batteries, the type that are required for electric vehicles and renewable energy storage.

HPA particle size is crucial for its application in ceramic-coated separators, for this application HPA is required to be ultra-fine, with a particle size of less than 2 microns. Altech's 4,500tpa HPA plant that is currently under construction in Malaysia is designed to achieve this ultra-fine specification. Given the global move towards lithium-ion battery powered electric vehicles and renewable energy storage, HPA's role in this sector is forecast to be increasingly significant.





Altech Chemicals
Limited

QUARTERLY REPORT

September 2019

Company Snapshot

Altech Chemicals Limited (ASX:ATC) (FRA:A3Y)
ABN 45 125 301 206

FINANCIAL INFORMATION

(as at 30 September 2019)

Share Price:	\$0.125
Shares:	743.13m
Options:	Nil
Performance Rights:*	27.2m
Market Cap:	\$93m
Cash:	\$2.6m

DIRECTORS

Luke Atkins	Non-executive Chairman
Iggy Tan	Managing Director
Peter Bailey	Non-executive Director
Dan Tenardi	Non-executive Director
Tunku Yaacob Khya	Non-executive Director
Uwe Ahrens	Alternate Director

COMPANY SECRETARY/CFO

Shane Volk

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*subject to vesting conditions



Schedule of Tenements

As per ASX Listing Rule 5.3.3, the Company held the following tenements (exploration and mining leases) as at 30 September 2019:

Tenement ID	Registered Holder	Location	Project	Grant Date	Interest end of quarter
E70/4718-I	Canning Coal Pty Ltd	WA Australia	Kerrigan	01/12/2015	100%
M70/1334	Altech Meckering Pty Ltd	WA Australia	Meckering	19/05/2016	100%

ABOUT ALTECH CHEMICALS LTD (ASX:ATC) (FRA:A3Y)

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the world's leading suppliers of 99.99% (4N) high purity alumina (Al₂O₃) through the construction and operation of a 4,500tpa high purity alumina (HPA) processing plant at Johor, Malaysia. Feedstock for the plant will be sourced from the Company's 100%-owned kaolin deposit at Meckering, Western Australia and shipped to Malaysia.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. Increasingly HPA is used by lithium-ion battery manufacturers as the coating on the battery's separator, which improves performance, longevity and safety of the battery. With global HPA demand approximately 19,000t (2018), it is estimated that this demand will grow at a compound annual growth rate (CAGR) of 30% (2018-2028); by 2028 HPA market demand is forecast to be approximately 272,000t, driven by the increasing adoption of LEDs worldwide as well as the demand for HPA by lithium-ion battery manufacturers to serve the surging electric vehicle market.

German engineering firm SMS group GmbH (SMS) is the appointed EPC contractor for construction of Altech's Malaysian HPA plant. SMS has provided a USD280 million fixed price turnkey contract and has proposed clear and concise guarantees to Altech for plant throughput and completion. Altech has executed an off-take sales arrangement with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) covering the first 10-years of HPA production from the plant. Conservative (bank case) cash flow modelling of the project shows a pre-tax net present value of USD505.6million at a discount rate of 7.5%. The Project generates annual average net free cash of ~USD76million at full production (allowing for sustaining capital and before debt servicing and tax), with an attractive margin on HPA sales of ~63% (Refer to ASX Announcement "Positive Final Investment Decision Study for 4,500TPA HPA project" dated 23 October 2017 for complete details. The company confirms that as at the date of this announcement there are no material changes to the key assumptions adopted in the study).

The Company has been successful in securing senior project debt finance of USD190 million from German government owned KfW IPEX-Bank as senior lender. Altech has also mandated Macquarie Bank (Macquarie) as the preferred mezzanine lender for the project.

The indicative and non-binding mezzanine debt term sheet (progressing through due diligence) is for a facility amount of up to USD90 million. To maintain project momentum during the period leading up to financial close, Altech has raised ~A\$39 million in the last 24 months to fund the commencement of Stage 1 and 2 of the plant's construction; Stage 1 construction commenced in February 2019 with Stage 2 now underway.

Altech recently announced the sale of an option to Frankfurt stock exchange listed Youbisheng Green Paper AG (since renamed Altech Advanced Materials AG (AAM)), whereby AAM can acquire up to a 49% interest in Altech's HPA project for USD100 million. AAM has commenced the process of securing the funds to enable it to exercise its option, which once complete, it is expected would be a catalyst for project financial close.

Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALTECH CHEMICALS LTD

ABN

45 125 301 206

Quarter ended ("current quarter")

SEPTEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(10)	(10)
(b) development	(471)	(471)
(c) production	-	-
(d) staff costs	(348)	(348)
(e) administration and corporate costs	(478)	(478)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refund	-	-
1.8 Deposits Paid	-	-
1.9 Net cash from / (used in) operating activities	(1,295)	(1,295)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments – 29% of Youbisheng Green Paper AG (now AAM AG)	(821)	(821)
(d) HPA Plant (Stage 1 & 2 Construction payments)	(3,518)	(3,518)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Sale of Right to acquire up to 49% interest in HPA project	815	815
2.6	Net cash from / (used in) investing activities	(3,524)	(3,524)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(8)	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings (KfW IPEX-Bank Facility Fees)	(794)	(794)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(802)	(802)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,267	8,267
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,295)	(1,295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,524)	(3,524)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(802)	(802)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,646	2,646

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,616	8,267
5.2 Call deposits	30	
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,646	8,267

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

200

Director remuneration (including superannuation contributions)

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(20)
9.2	Development	(270)
9.3	Production	-
9.4	Staff costs	(350)
9.5	Administration and corporate costs	(400)
9.6	Other (Facility Fee – KfW IPEX-Bank)	(760)
9.7	HPA plant Construction payments	(7,000)
9.7	Total estimated cash outflows*	(8,800)

- * (i) A \$2 million share subscription is committed by the Melewar Group, subject to shareholder approval on 14 November 2019; and
- (ii) It is expected that during the December 2019 quarter, Altech Advanced Materials AG will exercise its right (in whole or in part) to acquire up to 49% of the Company's HPA project for US\$100 million.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

31 October 2019
Date:

SHANE VOLK

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.